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PRESIDENTIAL BRIEFING ITEMS - 7 JULY 1977

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✓ [REDACTED]
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✓ C. The West Bank: Geographic and Demographic Factors in a Settlement

• D. Italian Political Situation

✓ E. Poland

F. PRC Navy

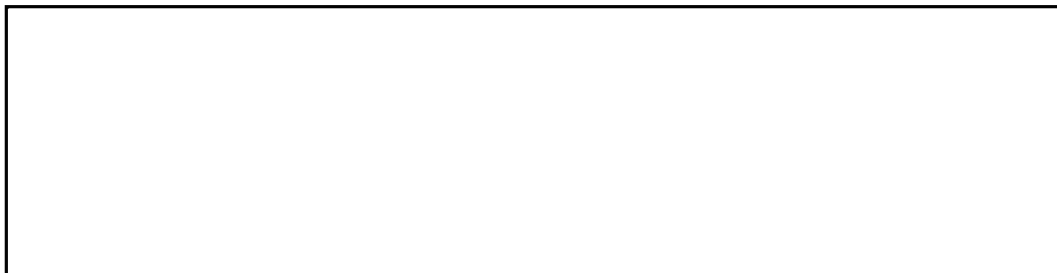
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Sources for the Director's briefing package, July 6, 1977

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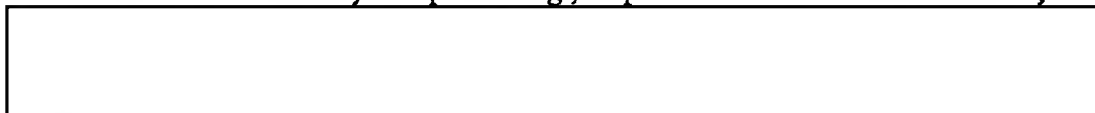


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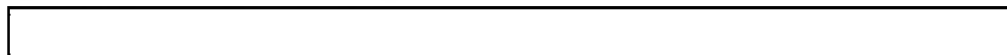
The West Bank: Geographic and Demographic Factors in
a Settlement

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Various embassy reporting; open source literature,



China's Blue Water Navy



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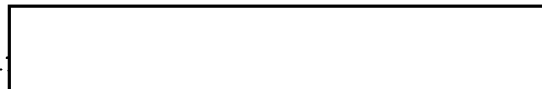
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Italian Political Situation

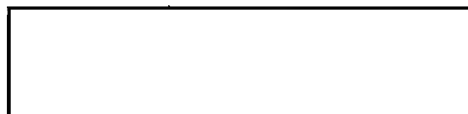
Various embassy reporting;
open source literature, pa

25X6



Poland

Various embassy reporting; open source literature;
analysis



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Prospects for Soviet Development of Towed Array Sonar
Systems

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Ocean Wave Energy Development

Open source literature, including scientific journals;
various embassy reporting

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Approved For Release 2003/10/29 : CIA-RDP81B00401R002600020004-1

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The following is in response to your questions on the briefing concerning Poland.

1. Poland's fundamental economic problems result from an agricultural and industrial system which cannot provide consumer goods and food products in sufficient quantity and quality to satisfy consumer demands. Unlike the rest of Eastern Europe, 80% of the agricultural land is in private hands. Much of it is in small parcels that have not been farmed efficiently. Because of low prices paid by the state to farmers, there has been little incentive for them to produce. Bad weather over the past three years has curtailed fodder production, which has led to a serious reduction of livestock herds. It will take some time to rebuild them.
2. Poland's industrial plant has had trouble in making efficient use of modern western technology. Many workers come directly from the farms and are not efficient industrial workers. They take little pride in their work, and have little incentive to work hard because there is little to buy with the extra money they might earn.
3. The Poles also have serious hard currency balance of payments problems. They must make heavy investments in Western technology but find that the recent Western recession has hurt their ability to export to the West. The prices of Poland's raw materials exports have also been declining.
4. The immediate cause of the 1970 riots was the announcement just prior to Christmas--a particularly sensitive time of the year--that prices of basic food items would be increased. The most serious disturbances occurred in the port cities of Gdansk, Gdynia and Szczecin although there were also strikes and slowdowns in factories throughout the country. The Gomulka regime tried to repress the workers but the bloodshed sparked even stronger worker opposition.

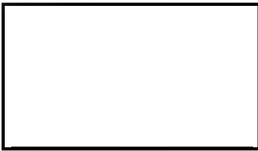
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*What is fundamental
problem with Polish economy?
What was cause of 1970 riots?*

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DDI/ORPA



Poland

I. The Polish situation continues to be the most volatile in Eastern Europe, and the Gierek regime is in serious trouble. The immediate causes are economic.

A. Since Gierek came to power in 1970, he has tried to modernize the economy rapidly and raise the average Pole's standard of living.

1. At first, the economy boomed, largely on the basis of Western technology, and the average Pole's real income grew by about 9 percent a year. But the government encountered increasing difficulty in meeting rising consumer expectations.

2. A shortage of consumer goods prompted many Poles to use their increased disposable income to buy more meat and other foodstuffs. Three years of bad harvests, beginning in 1974, caused demand for food to outpace supply seriously.

B. Under strong economic pressures to establish a better balance between supply and demand, Gierek moved abruptly in June 1976 to increase prices of

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meat and other foodstuffs.

1. Polish workers reacted with work stoppages, demonstrations, and civil disobedience. The disturbances amounted to the most serious unrest in East Europe since the worker riots in Poland in 1970--which, ironically, had brought Gierek to power.
 2. Within 24 hours, Gierek rescinded the price rises.
- C. He subsequently made other economic adjustments to propitiate the Polish consumer. The five-year plan was revised to reduce industrial investment and expand the production of consumer goods. The private sector of the economy has been given more incentives, and a more secure position.
1. The regime is also trying to increase exports to mitigate its balance of payments problem. Exports of meat and consumer goods, on the other hand, have been cut, and the regime has made sure that consumer goods got to market at Christmas and Easter to avoid trouble.
 2. The palliatives have helped, but Poland's fundamental economic problems will persist into the

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foreseeable future, providing a constant backdrop for political instability.

- II. Gierek's miscalculation last summer is symptomatic of a more profound problem. After 30 years, the Communist system has not taken strong root in Poland.
- A. Communism is tolerated, but the Polish Communist party enjoys little popular support. Some strongly nationalistic Poles believe that the Polish Communist party is entirely Moscow's creature.
1. The Poles also resent ties to the East because of their strongly felt cultural ties to Western Europe.
- B. Polish dissidents who have *Henry* historically given voice to these sentiments seized on the June 1976 disturbances to widen their support.
1. A small number set up the Workers' Defense Committee, solicited funds to help workers punished after the riots, and pressed for an investigation of the police role in suppressing the riots.
2. In mid-May this year, the League tried to make common cause with students demonstrating over the apparent murder of a student dissident by security men.

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- a. The Gierek regime arrested and still has in custody nine Workers' Defense Committee leaders and sympathizers. Now it faces the difficult problem of what to do with these men in the face of pressure from some student and religious circles for their release.
3. The regime has sought, with some sureness, to isolate the dissidents and keep them from becoming the spokesmen for workers, students, and others unhappy about life in Poland.
4. Even if the dissidents do not broaden their appeal, they can cause problems for Gierek.
 - a. For example, they have pressed him to make good on unfulfilled public promises of greater "consultation" with the Polish people.
 - b. This is an especially tricky problem for Gierek since it smacks of the kind of political reform that can quickly get out of hand, and can create problems for him within the party and with the Soviets.

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- C. Moscow is clearly worried about the situation and is primarily interested in seeing that political stability is maintained.
1. Gierek was in Moscow last November and received a strong personal endorsement from Brezhnev. Moscow also helped out with a million tons of grain and \$1.5 billion worth of credits.
 2. But the Soviets are also uneasy about Gierek's moderate policies, particularly with respect to the dissidents. There is some evidence that they are pressing him to get tougher at home.
- D. If he does so, the chance of a miscalculation, and the prospects for serious trouble, increase.

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